

Proposed Projects/Activities

1) ADMINISTRATION - \$356,246 FY 2007 CDBG, \$40,000 FY2006 Carryover Reprogrammed, \$33,202 FY 2007 HOME and \$4,640 ESGP

a) The City of Rockford will continue to utilize CDBG, HOME, and ESGP funds for the successful planning and implementation of programs and strategies that are directly implemented by the city or supported by the city.

b) Standby Section 108 Loan Debt Service - \$76,002 FY 2007 CDBG

The City will provide stand-by cash infusion to support debt service payments on the Section 108 loan for the Rockford Local Development Corporation's shopping center development along S. Main Street. If these funds are not needed to assist with debt service, they will be made available for target area demolition.

c) Fair Housing - \$500 FY 2007 CDBG and \$961 CDBG Carryover Reprogrammed

Funds available for the activities conducted by the Fair Housing Board.

2) REHABILITATION SERVICES – \$585,560 FY 2007 CDBG, \$62,470 Carryover Reprogrammed, and \$52,917 FY 2007 HOME

This project funds operation costs and staff positions that are primarily responsible for financing, underwriting, loan packaging, construction inspections, case tracking, intake, work write-ups, and quality assurance for all housing rehabilitation programs.

3) HOMEOWNER - SINGLE FAMILY HOUSING – EXISTING AND NEW

a) Focus Area Programs. \$58,000 FY 2006 CDBG Carryover Program Income, \$42,159 FY 2006 Carryover Reprogrammed, \$207,147 FY2007 HOME, \$15,000 FY2007 HOME Program Income, and \$243,059 FY 2006 CDBG Home Carryover Reprogrammed

Assistance will be provided to existing owner occupants and new homebuyers. The City anticipates assisting approximately 25-28 low-income households during fiscal year 2007 with their rehabilitation projects and 10 with assistance in new construction.

Focus Area Programs will assist homeowners of all incomes who purchase or own property within the Mid Town North (which may be expanded to address

the victims of a flash flood), HOPE VI Revitalization Area, College Avenue-Seminary, Weed and Seed and South Main focus areas to make exterior improvements, interior health and safety code items and work needed to remove lead hazards.

One homestead property will be rehabilitated in 2007 through a local non-profit.

b) Weed and Seed Match \$40,000 FY2006 Carryover Reprogrammed

These funds will provide match assistance to the Weed and Seed grant submitted by a collaboration of groups. The funds will provide for assistance in the form of grants and loans to activities developed by the Weed and Seed applicant and may include rehabilitation assistance and funds for activities to be conducted by the neighborhood.

c) Urban Redevelopment Program – To be determined.

We intend to create a program that addresses abandoned, vacant, and boarded properties within the City of Rockford. This may require additional resources with the Illinois Housing Development Authority as a potential source.

d) Artist District Program – FY2006 \$50,000 Carryover Reprogrammed

Modeled after a similar program in Paducah, Kentucky, this program will provide artists with an incentive to remain or relocate to this district near Swedish American Hospital.

e) Flood Assistance – To be determined.

Southeast Rockford was hit by a flash flood surging along Keith Creek on Labor Day. Estimated damages - \$30 million. Twenty homes were condemned and one thousand people displaced. The Governor's office sought federal financial assistance and full disaster declaration for Winnebago County residents through the Federal Emergency Management Agency (FEMA).

On October 21, 2006, FEMA announced that the damage to homes and businesses caused by Labor Day flooding did not rise to the level of a federal disaster. This decision was devastating to the hundreds of residents who had hoped for housing assistance and other forms of relief.

The Community Development Block Grant and HOME program may be utilized in some fashion to help those in need but at the time of this submittal, has not yet been determined. Many of the homes damaged are

within the Community Development Block Grant area and specifically in or near the Mid Town North Focus Area. Therefore, at a minimum the area may be expanded to include those households and give priority of assistance to those affected by the flood.

f) New Construction/West Side Alive!

The City constructed 24 homes through its West Side Alive Program and has one home remaining to be sold. Funds are budgeted in 2006 for assistance to an eligible homebuyer. If it is not sold in 2006, the funds will be carried over and reprogrammed in 2007 to this activity.

g) New Construction/Champion Park (Prior year funding)

The Winnebago County Housing Authority submitted a 2002 HOPE VI grant application on November 29, 2002. Through this grant, a combination of 104 rental and for-sale single-family housing are planned for construction. Some proposed housing will be built on vacant lots within the existing city limits. Additional housing is planned for land contiguous to the City, which were annexed to the city in 2005. The HOPE VI program, in conjunction with Lincolnwood and Emerson Subdivisions has offered Rockford the first real opportunity to make critical changes to the far west side and providing the catalyst for other development. The City of Rockford provided a total \$300,000 in HOME funds to assist with the new construction of 10 homes. Funds were committed and the project started in 2006 and will be completed in 2007.

4) CODE ENFORCEMENT PROGRAM - \$96,946 FY 2006 CDBG and \$72,1261 in FY2006 Carryover Reprogrammed.

This activity will include the payment of salaries and overhead costs directly related to the enforcement of state and local codes. This program will be targeted at deteriorated or deteriorating lower income strategy areas. The code enforcement, together with other improvements such as rehabilitation, demolition, and public improvements, is expected to arrest the decline of the area. It is estimated that the 2.5 inspectors funded by this activity are expected to address 3,455 complaints annually. Hiring additional inspectors and the use of new technology may result in a line item increase in this activity.

5) STRATEGY AREA TENANT OCCUPIED INVESTOR OWNED REHAB

In order to improve investor owned properties in certain focus areas within strategy areas, the City will seek assistance through the State of Illinois'

Rental Housing Support Program and investor-owners will be given the opportunity to access this program and receive assistance.

At rehab completion, properties must meet housing quality standards. Priority may be given to properties located in a focus area (Mid Town North, Mulberry Forest/Weed and Seed strategy area, HOPE VI, College-Seminary, and South Main) and will be subject to lead-based paint regulations to stabilize and control lead-based paint hazards. Owners must comply with the State's grant requirements.

6) HOMEBUYER'S ASSISTANCE PROGRAMS

Nationwide, the news about homeownership is good which includes Winnebago County at 70%. However, the fact remains that many people in Rockford who dream of becoming homeowners face a steep challenge. The City of Rockford has created programs to help those families, and in offering this assistance, will boost the rate of homeownership in Rockford.

a) American Dream Downpayment Initiative Program - \$20,000 FY2007 ADDI Carryover and \$34,200 FY2006 HOME Carryover-

Funds made available under ADDI will assist low-income families become first-time homebuyers. The ADDI program provides a loan in the form of a mortgage, forgiven over 5 years for 6% of the purchase price. The ADDI targeted area is an area located in northwest Rockford. Additionally, funds will be granted to homebuyers of projects supported by the City.

b) Emerson Subdivision - \$149,990 FY 2007 HOME/ADDI

Emerson Subdivision is a 38.8 acre single-family, affordable housing development proposed at Springfield and School Street which, once fully developed, will provide approximately 84 single-family housing sites. Phase I, consisting of 27 homes, is complete. This activity includes funding for Phase II – the construction of 41 homes of which 20 will be HOME-assisted. The HOME-assistance will be forgiven over five (5) years. ADDI may be used in lieu of or in conjunction with the HOME funds but the line item amount will remain the same.

All HOME assisted program participants must complete the RAAHC homebuyer training course (or acceptable substitute through the Rockford Housing Authority) prior to closing. A Certification of Final Inspection must be completed that certifies that the property meets Property Standards and that the unit has cleared a lead inspection, if applicable.

c) Lincolnwood II – (Prior year funding)

Funds will provide assistance to homebuyers in this subdivision at the level of \$1,000 per home, which is leveraged with other State funds. HOME funds may be used in conjunction with or in lieu of the ADDI funds but the line item amount will not change. In 2007, the project will be completed assisting 5 households.

c) REACH Illinois – Employee Assistance Program \$50,000 FY2006 Carryover Reprogrammed

Funds will provide downpayment and closing cost assistance to lower income employees of the City of Rockford and County of Winnebago. Eligible applicants must purchase a home within one mile of downtown Rockford or within a Tax Increment Financing District (some restrictions apply).

7) ASSISTANCE TO COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS (CHDOs)

a) Operating - \$43,059 FY 2007 HOME

The City continues to seek the involvement of non-profit organizations to further enhance and complement our efforts. Non-profits that meet the eligible criteria may become a Community Housing Development Organization (CHDO) and receive operating funds. Funds will be awarded to CHDOs through an application process. We currently have six (6) eligible CHDOs and all may provided assistance.

b) Homebuyer and Rental CHDO Projects - \$129,179 FY2007 HOME

Funds will be made available to eligible CHDOs on a first come basis to subsidize the gap needed to produce affordable housing homebuyer and rental projects within their strategy areas or through an RFP process with it being required that projects be part of a comprehensive effort to revitalize a neighborhood. The City anticipates assisting a minimum of 3 units of affordable single-family and/or multi-family housing for low/moderate income individuals.

c) Youthbuild '07/'08 - \$184,000 FY 2007 HOME

d) Youthbuild '06/'07 - \$61,700 FY 2007 HOME and \$122,300 FY2006 Carryover Reprogrammed

Through the Federal Youthbuild program, Comprehensive Community Solutions, Inc. has structured classes that introduce youth to skilled apprenticeships such as bricklayer, cabinetmaker, cement mason, carpenter,

plumber, electrician, insulation worker, among others. Assistance will be provided to Comprehensive Community Solutions, Inc. to construct six homes – 4 in 2007 and the remaining 2 started in 2007 but complete in 2008.

c) Lincolnwood Estates – (Prior year funding)

This project, just north of Lincolnwood Estates (Phase I) at Pierpont and Green was approved and construction started in 2005. In Phase I, a total of twenty-six homes were constructed, of which eleven were HOME assisted. Phase II will complement and enhance that which has been achieved through Phase I. Assistance was awarded in the form of developer's subsidy and direct homebuyer's assistance (separate line item). HOME was leveraged with TIF, IHDA, and private funds. This project will be completed in 2007 by constructing and selling the final 5 homes.

8) GET THE LEAD OUT PROGRAM! - \$25,000 FY 2007 CDBG

A 10% match will be provided to the City of Rockford Human Services Department to match a State of Illinois lead-based paint federal grant. This \$25,000 represents year 3 of a 4-year commitment. This program is offered citywide and only made available to low-moderate income households. The City anticipates assisting 15 low-moderate income households in new funds plus there may be carryover at the end of the year that will be kept in this activity until the State grant is fully expended.

9) COMMUNITY ASSISTANCE PROGRAM AND PROJECTS

a) CAP Program \$110,000 FY 2007 CDBG and \$12,258 FY 2006 CDBG Carryover Reprogrammed

Funds will be awarded to neighborhood groups and/or other non-profits to do special projects that serve lower-income person. Priority will be given to projects serving the City's designated focus areas including crime reduction programs, projects that help create a qualified educated workforce and demonstrate a collaborated effort with other groups. Also, projects which build the capacity of non-housing not-for-profits, new or the expansion of centers and their services for youth, projects involving neighborhood planning, and projects which address issues identified under welfare reform and the Healthy Communities Study will be given special consideration. The City anticipates assisting 10 neighborhood groups/non-profits through the competitive Request for Proposal approach. Additionally, the projects noted below will be funded.

RAMP Program - \$30,000 FY 2007 CDBG

Funds will be provided to the Regional Access Mobility Program to construct ramps for persons physically challenged. It is anticipated that approximately Twelve (12) ramps will be constructed for persons of lower income. This project will be eligible as single family or multi-family rehabilitation.

b) Rockford Area Affordable Housing - \$20,000 FY 2007 CDBG

The Rockford Area Affordable Housing Coalition will provide credit counseling, home-ownership counseling and prepurchase and postpurchase services to consumers to ensure that they are fully informed about the homebuying process as well as what to expect after they purchase a home.

The funds will be provided to pay for operational costs incurred by the RAAHC to administer these programs.

10) ACQUISITION, RELOCATION, AND DISPOSITION

a) Acquisition, Relocation & Disposition - \$50,000 FY 2007 CDBG, \$65,000 FY 2006 CDBG Carryover Reprogrammed

Community Development Block Grant funds will be used to acquire properties with structures and vacant lots for use in one of its programs, such as the Homestead Partnership or demolition program, or to be used for other redevelopment/revitalization efforts. These properties will primarily be located in one of the designated focus areas.

Acquisitions will be concentrated by acquiring a majority of the properties within focus areas or in one or more of ND's neighborhood strategy areas. We will also begin focusing our attention to property on or near the West State Street and South Main corridor to help implement those public improvement projects. The relocation of occupants may be necessary in some acquisitions.

11) DEMOLITION - \$53,864 FY 2007 CDBG, \$82,000 FY 2007 Program Income, and \$150,000 in FY 2006 Carryover Reprogrammed.

Substandard properties that are not suitable for rehabilitation and located in one of the neighborhood strategy/focus areas, primarily, will be demolished through this program. The city will focus on properties in focus areas and deteriorated properties located near schools, on major thoroughfares, and strategically located scattered sites. The City anticipates the demolition of twenty-nine (19) residential and non-residential structures.

12) HOMELESS ESGP ACTIVITIES - \$24,500 FY 2007 ESGP Funds for Essential Services, \$56,160 for Operating, \$7,500 for Homeless Prevention, and \$4,640 for Program Administration (already noted).

Through the federal Emergency Shelter Grants Program, local homeless agencies will be assisted. Rehabilitation, essential services, operating, and homeless prevention activities are eligible activities. Funds will be distributed through a competitive process utilizing the Mayor's Community Task Force on the Homeless as the review and approval committee. The City anticipates funding 6 non-profit homeless service providers. The program continues to be administered by the City's Human Services Department.

13) RELOCATION – (Funding added to Single Family Rehabilitation, Multifamily Rehabilitation, and Acquisition)

Funds will be used to relocate tenants of buildings acquired for the purpose of homesteading and demolition. Funds will also be used to relocate owners and tenants of units undergoing the removal of lead-based paint hazards and tenants forced to move due to economic displacement or displacement due to the rehabilitation. Relocation will be funding under the individual activities.

14) OTHER NEIGHBORHOOD DEVELOPMENT ACTIVITIES

The Section 108 Loan Program may be utilized over the next year to fund an economic development project currently under staff review.

15) ECONOMIC DEVELOPMENT FINANCIAL ASSISTANCE TO FOR PROFIT BUSINESSES

The City will continue marketing and implementing various programs under the Financial Assistance to For-Profit Businesses umbrella. Goals include creating new businesses and/or expanding existing businesses that provide goods, services, and jobs to low/moderate income neighborhoods and/or provide primary jobs at or above the threshold of support to low/moderate income residents of Rockford. For purposes of this part, the median hourly wage rate will be used to denote "threshold of support."

Programs will be divided into Primary Employer Assistance and Retail/Service Assistance. Primary employers are those that send their product and/or service outside the local economy, or those that sell their product and/or service to other businesses to be included in their finished product or service that will be sold outside the area. All primary employer projects requesting CDBG assistance will be evaluated to determine if they meet a national objective. Documentation must prove that project costs are reasonable, that all non-public sources of project financing are committed and that City and/or CDBG funds provide the financial "gap" to the project. Underwriting must be done to show that the return on

owner's equity investment will not be unreasonably high and/or that an area "gap" exists for the project where the prudent investor would not undertake a project where the return does not justify the expense. Public benefit must be shown, whether following the guidelines in CDBG Regulations or in the case of the City loan program, resulting in one job to be created per \$35,000 loaned. To maximize City assistance for as many projects as possible, our goal would be to keep the assistance at or below \$15,000 per job created.

Once the "appropriate" analysis is completed and the public benefits of such assistance are established, the City of Rockford will next look at wages to be paid by primary employers. All wages paid by businesses are considered as being on a continuum with the mid-point being the median hourly wage for Winnebago County. Currently that median wage is \$15.07 per hour. If it has been established that the business requesting assistance is a primary employer whose pay scale is greater than the 80% median wage for Winnebago County and meets all the other necessary requirements explained above, the City may choose to assist the primary employer anywhere within the City of Rockford.

If the primary employer pays a lesser amount than 80% of the median hourly wage for Winnebago County, additional review criteria must be met. For that primary employer to be eligible for assistance through our various programs (in addition to meeting the national objective and eligible activity for CDBG and the appropriate and public benefit determination), the company should additionally meet at least three of the following criteria:

- ◆ Locate within one of Rockford's business TIFs, specifically, the Downtown River District (East and West TIFs), 7th Street TIF District, South Rockford TIF District, or the Springfield Corners TIF District, Rockford Global Trade Area TIF District #1, Main and Eddy TIF District, Kishwaukee/Harrison Redevelopment Planning Area TIF District #1;
- ◆ Locate within the current boundaries of the City's State-certified Enterprise Zone, which will be in existence through December 31, 2013;
- ◆ Put to use a long vacant or underutilized building or site;
- ◆ Following remediation, locate within a brownfield site;
- ◆ Generate significant sales tax revenue for the City;
- ◆ Offer an array of employment benefits in addition to the hourly wage, especially health insurance benefits;
- ◆ Agree to hire 51% of its new employees as low/moderate income upon hire (this may be required if CDBG funds are being utilized and no other national objective can be met); and
- ◆ Agree to hire 51% of its new employees from the City's CDBG-eligible area.

Retail/Service Assistance will also be available to businesses not qualifying as primary employers, who meet the same CDBG criteria and the appropriate verification following underwriting and public benefit tests, and which are located (or choose to locate) within one of our strategic areas.

a) CDBG Small Business Loan Program - \$30,000 in FY 2006 CDBG Carryover Reprogrammed.

The City will continue marketing and implementing the CDBG-funded Small Business Loan Program in an effort to create new businesses or expanding existing businesses that provide goods, services, and jobs to targeted neighborhoods.

The City Small Business Revolving Loan Fund also has a **\$453,605.77** balance available for for-profit business assistance projects. The City's Community Development Block Grant (CDBG) Loan Fund will assist companies willing to hire low-income individuals. Additional or differing eligibility criteria may apply when accessing CDBG loan funds. The Human Services Department of the City also administers the Community Services Block Grant program in the amount of \$125,000 annually. Community Development staff assists in marketing and processing the loans.

b) Commercial Shopsteads - \$30,000 in FY 2007 CDBG.

The City plans to complete the Commercial Shopsteading Program during the coming year through the long-term leasing of the remaining three units. Shopstead regulations will apply. Current marketing tactics will continue to lease the remaining three buildings in FY2007.

c) West State Street Node - \$125,000 in FY 2006 CDBG Carryover Reprogrammed.

CDBG Funds will be used to assist in the creation of a commercial node to retain businesses in an area of high unemployment and high levels of low to moderate-income families and individuals. CDBG funds will be used for acquisition and demolition of properties to remove blight and create or retain jobs that provide services and goods to the area.

16) JOB CREATION FOR LOW TO MODERATE INCOME PERSONS

a) Rehabilitation & Development Assistance - \$175,000 in FY 2007 CDBG and \$125,000 in FY 2006 Carryover Reprogrammed .

The City will implement a new Rehabilitation & Development Assistance Program that will provide assistance to Commercial & Industrial businesses or developers making investments within designated target/NRS areas or creating/retaining permanent jobs, with a minimum of 51% of those jobs being held by low-to-moderate income persons (as defined by HUD).

b) Public Improvement Program - \$100,000 in FY 2007 CDBG.

The Public Improvement Program was developed by the City of Rockford to assist businesses and help stabilize CDBG low-to-moderate-income neighborhoods by installing public improvements. Assisted business will be located in a targeted/NRS area or creating/retaining permanent jobs, with a minimum of 51% of those jobs being held by low-to-moderate income persons (as defined by HUD).

17) MICROENTERPRISE ASSISTANCE

a) Microenterprise Investment Match - \$70,000 in FY 2007 CDBG.

The City will also continue to implement its Microenterprise Investment Match Program, which is designed to provide near “equity-like” funding to low/moderate-income entrepreneurs who are also residents of the City of Rockford. Seven (7) micro-enterprises will be assisted during FY 2007.

b) Self-Employment Training - \$30,000 in FY 2007 CDBG.

The City of Rockford also supports the creation of new business, particularly by low/moderate-income residents of the city. The City will continue to use CDBG funds to support the Self-Employment Training (SET) Program, an entrepreneurial training program operated by the Rock Valley College Small Business Development Center. In addition to holding two informational classes per month with general information about starting a business designed to self-screen candidates for SET classes, a total of at least three sessions, eight weeks in length, will be offered during FY 2007. Fifty (50) participants are expected.

18) COMMERCIAL/INDUSTRIAL Acquisition & Demolition-(Refer to ND)

The City is pursuing the potential for commercial/industrial development in designated economic development target areas. It is desirable to acquire, demolish and dispose of such substandard properties as deemed necessary to facilitate development. Relocation assistance will be provided as necessary.

19) ECONOMIC DEVELOPMENT SERVICES - \$362,211 in FY 2007 CDBG and \$20,000 in FY 2006 Carryover Reprogrammed.

The City will utilize CDBG funds to provide economic development services to entrepreneurs, business- and property-owners, developers, CBDO's, and other interested parties in order to facilitate development and provide more goods, services, and jobs to low/moderate income neighborhoods, including those above the "threshold of support."

SUMMARY

Almost every sector of the economy has been touched over the last several years, but manufacturing was extremely hard-hit and it has taken a toll on Rockford's job market. In the past years, the City of Rockford has lost more than 12,000 manufacturing jobs due to either business closing or transfers of businesses out of the state or country.

According to data released by the Illinois Department of Employment Security (IDES), Rockford's unemployment rates dropped from 5.9% in May 2005 to 5.3% in May 2006. The downward trend in unemployment rates demonstrates a point in the right direction for a strong economic environment. More people are working in the Rock River Valley thanks to an influx of jobs in and around the DaimlerChrysler plant in Belvidere and factory jobs in general. The Rockford metropolitan area added 2,900 jobs in July compared with the year before. The Rockford area was among five of the state's 12 metropolitan areas that saw unemployment go down over the year.

There have been some other bright spots – the local housing market is strong and low mortgage rates. Home sales have been running 8.5% ahead of last year's record pace and home prices are up also. The average sale price topped \$150,000 for the first time. Rockford is off the top of the crime list in the state also no longer leading the state in the per-capita crime rate.

But, we continue to face an uphill battle against continued dis-investment and decline in some of our neighborhoods. Abandoned housing and vacant lots continue to be a persistent problem. Drug houses have had an impact on our neighborhoods. The ability of Rockford to stem the flow of businesses and residents moving to surrounding more rural communities depends on our ability to create viable markets in which our local economy can thrive. We need to keep growing wealth and stop the spread of poverty in order to experience a healthy growth rate in our population.

Inflation has eaten up wage gains. There is a shortage in this area of skilled workers. There are manufacturing jobs that employers have a tough time filling because of the difficulty finding workers with the right skills. All of our residents are not prepared

for today's job demands. The Census Bureau reported that 25,000 people in Rockford survive on an income at or under the official poverty line.

We intend to turn these obstacles into opportunities for growth and development. But, housing and economic development programs alone are not the answer. They are only part of the equation to what is necessary to implement change. We must work to reduce crime, educate our youth and under-skilled, provide living wage jobs, quality housing, good education, services, strong infrastructure and vibrant neighborhoods that are appropriate and attractive to families and individuals of varying race and ethnicity in all of our neighborhoods.

The **Community Development Department** will take a leadership role in providing direction on how we go about improving the quality of life in Rockford. But, Community Development alone does not possess the skills or resources to bring about needed change. Therefore, we will foster partnerships with outside organizations, continue to involve community residents in being part of the solution, strengthen our relationships with other City departments, and form regional partnerships to deliver comprehensive neighborhood solutions and revitalization of our declining neighborhoods. This includes housing, the provision of needed services, jobs, infrastructure –the curbs, streets, sidewalks, parks and playgrounds, as well as safety issues. What we want to achieve is that each and every resident of this community lives in a stable or growing neighborhood.

The City of Rockford began to develop strategies that respond to the changing needs of our neighborhood through Focus Area Action Plans in 2003. We plan to continue that effort in 2007. Using key indicators and applying data from several sources including the 2000 census will help us understand household structures. We will also conduct housing surveys and look at crime statistics to help identify focus areas in which our efforts will be concentrated. The first plans have been completed – Mid Town North and South Main. A plan for Mid Town North was developed and approved late in 2003. Activities identified in the plan were implemented in 2004. The plan for the South Main focus area was completed in 2006. In 2007 we intend to complete, or work with others to complete the plans for the Weed and Seed designated area, the College-Seminary area within the Signal Hill neighborhood area, and the HOPE VI area.

Ideally, we would like to apply this method of consistent analysis of neighborhoods to all areas within our CDBG area so that we are comfortable in our selection of our neighborhood strategy areas within the larger CDBG area. Realistically, only one or two more neighborhoods will be able to be addressed within this Consolidated Plan period.

Neighborhood Development will work with other departments to identify new techniques to remove the blighting influences in our neighborhoods, such as code enforcement. Boarded up/abandoned property will be identified and removed swiftly

using the voluntary acquisition process or the City's "fast track" system. Owners of some properties may be provided incentives to improve their properties including:

- 1) Incentives will be provided through the City of Rockford's CDBG program (investor owners/owner occupants) and the HOME program (owner occupied property) for property rehabilitation.
- 2) Incentives will be provided to demolish property with assistance through the CDBG program.
- 3) Owners may sell or donate their property to the City of Rockford. The City will then determine if the property is suitable for rehabilitation or demolition. If the property is strategically located and suitable for rehab, it will be transferred to the Rockford Homestead Board, rehabilitated and sold to an eligible household through the Homestead program. Or the City may assist a local non-profit improve the property. If the property is in substandard condition and determined to be suitable for demolition, the City will quickly demolish the property and then use the vacant lot for a new construction program, sell the lot, or hold the lot for future development.

The demolition program was enhanced by changing the specifications to include lot improvements i.e. the removal of scrub trees, brush, the private sidewalks leading up to the house and fences. Lots are made to look like they belong to the adjacent property owners.

We will continue to pursue all development options presented for the site located at Ogden, W. Jefferson, Avon and Mulberry Street. We will be working in partnership with the Rockford Housing Authority to improve the Jane Addams/Brewington Oaks site as well as Concord Commons. We will continue our acquisition and demolition of properties at the site utilizing CDBG program funds.

Because of a major expansion of Swedish American Hospital requiring the realignment of Charles Street, there continues to be limited Tax Increment Financing dollars available for housing programs. Therefore, CDBG and HOME assistance will be provided in the Mid Town North focus area in 2007 to owner-occupied housing.

Neighborhood Development will continue to seek the involvement of non-profit organizations and neighborhood groups to further enhance CDBG, HOME, and Emergency Shelter Grant Program funds and complement other private and public activities. Funds are budgeted for eligible Community Housing Development Organizations through HOME to provide operating costs, site-control loans, rehabilitation project costs, and funds for the new construction of residential housing. Also, the City will continue to work with the housing non-profits to build their capacity by providing technical assistance.

The City of Rockford also anticipates submitting a grant under HUD's 2007 Continuum of Care application to support renewal and new grants under Shelter Plus Care and Supportive Housing. While the Human Services Department will continue to assume the lead administrative role in 2007, the Community Development Department will remain involved in the overall process to the degree necessary. The Mayor's Task Force on the Homeless will continue working with Boone County to strengthen our consortium and in the implementation of a Homeless Information Management System (HMIS) for data collection and analysis. HMIS continues to be implemented through the use of Metsys software. We will continue our refinement of the process and product over the next year.

The City of Rockford has amended its housing programs to ensure compliance with federal lead-based paint regulations. However, rehabilitation costs continue to remain high in absence of competition in conjunction with all other Federal and State requirements imposed on localities administering housing programs i.e. prevailing wage, historic accommodations, flood zone requirements. As a result, new construction of housing continues to be an acceptable alternative in conjunction with the demolition of derelict properties. Projects such as Garrison School redevelopment, Emerson Subdivision at School Street and Springfield Avenue, Lincolnwood II, River Oaks redevelopment, and the demolition of substandard properties represent some of those activities anticipated to continue over the next year. We will also continue to identify other resources to make it economically feasible to continue our focus area housing rehabilitation activities.

We also plan to continue to provide assistance to Human Services in the form of a 10% match for their grant through the State's Get the Lead Out! Program. We will investigate ways to incorporate that program into our housing rehabilitation programs, as well as identifying other resources to increase the dollars available to mitigate lead hazards.

The Community Assistance Program will continue and Neighborhood Development will continue to work with for-profit developers, service providers, and non-profits to bring to fruition other projects that benefit the community.

The Division will also continue to support activities conducted by the Fair Housing Board.

The Harrison Avenue extension and a proposed rebuilding of the city's West State Street gateway is encouraging private and public industrial, commercial, and residential development. The area is located just west of the City's Mulberry Forest/Weed and Seed Focus Area. A series of improvements are anticipated during this Consolidated Plan period with several projects continued during this annual plan year including Champion Park HOPE VI, Emerson Subdivision Phase II, and Lincolnwood II Subdivision.

Although the need exists, no entitlement funds under this Annual Plan will be available for public improvements and site improvements such as streets and sidewalks, except for those needed under assisted single-family new construction projects. These conditions do impact neighborhoods, and therefore, the Neighborhood Development Division intends to continue to try and identify other resources that may address public improvements.

The **Economic Development Division** proposes to continue targeting CDBG-funded economic development activities within designated targeted areas. The target areas for 2007 will include all existing Tax Increment Financing (TIF) Districts, the West State commercial nodes, the North Main Street nodes of commercial activity surrounding the North Main/Auburn Business District, and West Riverside Boulevard; and the current State-certified Enterprise Zone.

The Original Enterprise Zone will remain as an emphasis area, but is expanded to include the current Enterprise Zone boundaries. The original Enterprise Zone has experienced relatively few significant new commercial or industrial investments, with the exception of the 1.4 million square foot Lowe's Distribution Center that utilized the incentives to locate in the Zone in 2005, and scheduled to open in 2007 and employ 500 people. It is hoped that extra emphasis may be placed on the area when negotiating future projects. The Enterprise Zone has created jobs for low/moderate-income persons and has eliminated blight without the use of

CDBG funds. The City believes that the local and state incentives available because of the state-designated Enterprise Zone, as well as tax increment financing, may also be attractive and effective tools to stimulate private investment in the Zone. The City received a ten- (10) year extension of Rockford's Enterprise Zone that extended the enterprise zone until 2013.

The use of Section 108 loan funds may be deemed necessary to facilitate revitalization efforts within its designated economic development target areas or to facilitate low/moderate-income job creation activities. The Economic Development Division has determined that targeting CDBG funds within designated target areas is effective because of the high-visibility and impact of these investments and the leveraging of private investment.

Assistance to any business, using CDBG or City-funded programs, will require an "appropriate analysis" to determine that assistance is reasonable and necessary, meaning that a financial "gap" exists in the project and that public benefit will be gained in the form of improving the availability/accessibility of jobs for residents or improving/increasing the availability/accessibility of goods and /or services by providing a suitable living environment.

Documentation must prove that costs are reasonable and that all non-public sources of project financing are committed. The return on the owner's equity investment will not be unreasonably high or that an area "gap" exists for the

project where the prudent investor will not undertake a project where the return does not justify the expense.

CDBG programs also require meeting a national objective and an eligible activity, per regulations. Obviously, the ultimate goal is to maximize benefit to the local community from limited public dollars.

The South Rockford Tax Increment Financing District has resulted in a significant reversal of decades of disinvestment and deterioration. A number of CDBG-assisted projects have been completed, but the City believes that the South Main Street Business Development District will benefit from additional commercial growth. The City will continue marketing and implementing existing City programs, a new Development/Rehabilitation program, and a new Public Improvement Program. Extension of Springfield Avenue from West State Street south to the intersection of Montague Road and Harrison Avenue is expected to stimulate significant private investments in new industrial, distribution, and commercial facilities in southwest Rockford and along West State Street.

In 2002, the City purchased the former Barber Colman (also known as Reed Chatwood) complex. In 2007, it is expected that plans will move forward to develop a Center for Excellence at Barber Colman Village. The Center of Excellence will integrate the Arts, Science and Technology on the former industrial campus by the Rock River. It is expected that the center will provide community-relevant education while building the next generation of leaders. In the process, the area will benefit by an increase in technology-trained workers in the regional labor pool and the creation of a research center that would concentrate on developing and commercializing technology that would assure that the existing manufacturing industry in the Rock River Valley has the ability to compete in the world market place. Both projects are examples of how CDBG Funds will be used to assist a company located in an identified targeted area to provide jobs for low/moderate income Rockford residents. Both projects are examples of how CDBG funds for low-moderate job creation have been used to attract jobs for Rockford residents.

The West State Street Target Area, expanded in 1992 to include all properties adjacent to West State Street from downtown west to the city limits, continues to pose a significant stabilization and revitalization challenge to the City. The City of Rockford and the Illinois Dept. of Transportation (IDOT) are working together to implement a newly-developed West State Street Corridor Plan, which will result in a major reconstruction of this important arterial and gateway to downtown Rockford. Although actual street construction is several years away, the City has begun making improvements along the corridor. The Springfield Corners Tax Increment Financing District was created in October 2002 in order to encourage and assist development of a mixed-use development at or near West State Street and Springfield Avenue on the far west side. Significant commercial activity should occur in the West State Street area after the IDOT construction

plan is completed. The City will seek to complete the Commercial Shopstead Program at West State Street and South Central Avenue during the coming year through the long-term leasing of the remaining units.

The City intends to work with existing major businesses, realtors, shopping areas and neighborhood organizations to achieve a more active commercial environment on North Main Street, stressing nodes of commercial activity. The City also plans to dovetail Neighborhood Development's housing efforts within the Seventh Street TIF and attempt to create more business opportunities for area residents. Existing City programs will be marketed and utilized whenever possible.

The City of Rockford also supports the creation of new business, particularly by low/ moderate-income residents of the city. The City will continue to use CDBG funds to support the Self-Employment Training (SET) Program (50 participants), an entrepreneurial training program operated by the Rock Valley College Small Business Development Center. Self-Employment Training plans to add a two-hour pre-class requirement, offering "hard facts" about starting and running a business, to make certain that primarily serious entrepreneurs advance to the eight-week program. The City will also continue to implement its Microenterprise Investment Match Program (7 loans), which is designed to provide funding to low/moderate-income entrepreneurs who are also residents of

The City of Rockford. The CDBG-funded Small Business Loan Program will also be available to both start-up and existing businesses within the City's targeted areas.

The City launched industrial redevelopment strategies for an area of south central Rockford, including the Kishwaukee/Harrison Planning Area in 2005. This area is the first of a series of TIF districts for industrial jobs growth and has been developed within the RPA. The City expects this initiative along with similar previous initiatives to result in the creation and retention of thousands of industrially based jobs over a 20-year period, as well as the attraction of several hundred million dollars in private sector investments over that same time frame.

We are currently working with consultants to research and request approval of seven additional Tax Increment Financing Districts: Preston & Central, West State & Central, Jackson School, West State & Kilburn, Westside#2, East State & Alpine and North Main & Auburn St. Following the establishment of eligibility, additional TIF legal procession and approval by City Council, these areas will also be used as a means to attempt to create more business opportunities for area residents.

The proposed 2007 Annual component of the FY 2005 - 2009 CDBG Five-Year Comprehensive Plan will continue the City's focus on designated target areas. This represents the most effective use of CDBG funds. The City intends to utilize

other State and/or local programs, such as tax increment financing or business development districts, development/rehabilitation assistance program, public improvement program, and the City-funded Small Business Loan Program, whenever possible in order to leverage resources and increase the impact within the community.

B. RESOURCES – FEDERAL, PRIVATE, AND NON-FEDERAL PUBLIC

The Neighborhood Development and Economic Development Divisions of the Department of Community Development intends to utilize a variety of local, state, and federal programs in order to provide the public incentives needed to carry out this action plan. The following briefly describes the development resources, which are reasonably expected to be available to the programs administered by these divisions:

1. COMMUNITY DEVELOPMENT BLOCK GRANT

The City of Rockford expects to receive \$2,171,329 million in new Community Development Block Grant funds in 2007, as authorized by Title I of the Housing and Community Development Act of 1974, as amended. Federal statutes restrict the use of these funds to only those activities, which accomplish one or more of three objectives:

- ✓ To benefit low and moderate income persons
- ✓ To prevent or eliminate slums, and
- ✓ To meet other urgent community development needs

The law further requires that at least 70% of the total grant amount just serve the first objective. CDBG funds will be leveraged with private resources on almost all projects. Exceptions might include residential rehabilitation projects, which serve very low-income persons and emergency conditions. Private resources may include bank loans, savings, or sweat equity in projects.

2. SEVENTH STREET TAX INCREMENT FINANCING (TIF) PROGRAM

The City of Rockford issued a \$2 million Seventh Street Revitalization Projects Bond in 2004 and issued RFPs for development/redevelopment in the Seventh Street TIF District. This issue served to jump-start substantial private investment in the Seventh Street Corridor by creating a larger pool of available money to assist with revitalization projects. The private investment generated by the larger projects will in turn create more increment for project use. The bond will be paid back via debt service using the \$200,000 annual allocation currently capitalized until the bond and the TIF expire in 2016. In past years the City used a Request for Proposal process to allocate \$200,000 per year of Seventh Street TIF funds. Our experience was that this amount of money was insufficient to address both the many project needs and, at the same time, encourage more private leveraging